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Central Intelligence Agency



Washington, D.C. 20505

## DIRECTORATE OF INTELLIGENCE

14 September 1983

## China: Provincial Developments

Summary

*Beijing carried out a reorganization of provincial government bodies last quarter, replacing older and leftist cadre with younger, reform-minded figures. Although the political inexperience of the new cadre may hamper their effectiveness, Beijing has strengthened its position for the party rectification drive set to begin this winter.*

*The pressure to improve economic performance has sharpened provincial rivalries and interprovincial competition in foreign trade. In domestic trade Beijing is experimenting with a system of regional economic units to improve efficiency.*

## Governmental Organizations Restructured

The central government completed a thorough overhaul of provincial government leadership during the last quarter in preparation for the Sixth National People's Congress (NPC), held in June. Twenty-six of 29 governors were replaced along with many vice governors (see appendix). In some provinces the entire leadership was changed; most of the changes took place in March and April. The government shakeup follows a similar but less sweeping reorganization of the party bureaucracies carried out last winter.

Almost all of the new appointees fit the reformist ideal-- young, educated, with proven competence in economic or political

This memorandum was prepared by [redacted] the China Division of the Office of East Asian Analysis, Directorate of Intelligence. Questions and comments are welcome and may be directed to the Chief, Domestic Policy Branch [redacted]

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administration. Several have backgrounds in business or technical fields, not politics. Beijing also claims to have eliminated most "leftists," those with records of serious Cultural Revolution abuses or ties to the Gang of Four.

Although Beijing has largely succeeded in putting its choices in place in the provincial governments, the new leaders may not be as successful in carrying out their reform mandate as Beijing hopes. Governmental bodies have essentially administrative responsibilities, and real power resides in the party bureaucracies. Beijing apparently had to compromise in its restructuring of the party organizations, which was less complete than the governmental reorganization. Moreover, we believe the new appointees lack the political experience and network of connections so important in China and will find their plans frustrated by obstructionism at lower levels and by the machinations of less reform-minded cadre--including older, supposedly retired cadre.

Nonetheless, the leadership changes are one more demonstration that the reformists now have the upper hand. The overhaul also strengthens Beijing's position for the coming party rectification, set to begin this winter.

#### Provincial Trade Competition

Foreign Trade: Beijing is pressuring provinces to increase foreign trade and foreign investment. Even provinces such as Jiangxi, with little to attract foreign investors; have been told to improve their performance. Foreign investment conferences have been held in several provinces, including Hubei, an inland province with little involvement in foreign trade. Hubei, if successful, will serve as a model to other inland provinces.

The stampede for foreign investment has led to competition between provinces. Fujian, for example, announced publicly that it will offer better terms to foreign businessmen than Guangdong, its more successful rival. Joint venture firms that expected to be able to market their products throughout China have found their access to markets restricted to the province where they are located, as other provinces have imposed trade barriers to protect their own industries.

Several provinces have opened or plan to open offices outside China to lure investment--Guangdong and Fujian in Hong Kong and Tokyo; Zhejiang, Beijing, Liaoning in Hong Kong. Shanghai has an office in Hong Kong and plans to open others in not yet chosen cities. Shanghai and Manila recently signed an agreement to open liaison offices to further economic, technical and cultural cooperation.

Shanghai is a special case in foreign trade, having long been China's major international trading hub. In recognition of its special status, Beijing in April granted Shanghai considerable autonomy in foreign trade. Its new freedom will empower Shanghai to borrow or use retained foreign exchange to import whatever it needs directly; to negotiate directly with foreign investors; to strike its own export deals; and to handle foreign trade for neighboring localities. The central authorities intend Shanghai, rather than Hong Kong, to be the principal "open door" through which foreign trade and investment enter China.

Domestic Trade: The central government is also taking measures to promote domestic trade and improve economic efficiency. The most important of these is the establishment of a system of "economic regions," integrated economic units that cut across province borders and are administered from the region's major city. The Shanghai delta region, including parts of Zhejiang and Jiangsu, is by far the most advanced and is to serve as a model for other coastal regions. A region centered on Chongqing, Sichuan, is apparently intended as a model for inland regions, but is much less developed. Other regions are planned around Guangzhou, Xian, Beijing-Tianjin, Shenyang, Fuzhou, and Wuhan.

In other parts of China where the authorities have not designated economic regions they are encouraging interprovincial cooperation contracts. For instance, Gansu has signed agreements with Beijing, Nei Monggol, and Liaoning for various cooperative projects. Several provinces in the northwest have formed a consortium to market their products.

The economic and political obstacles confronting the push for cooperation are considerable. Previous attempts to set up economic regions have met with failure. A poorly developed infrastructure, competition for scarce resources, and a lack of experience in managing complex economic organizations are some factors working against success. Shanghai, which is relatively advanced economically, will probably do well, and Guangzhou is promising. Other projected economic regions and cooperation pacts are likely to prove less successful.

## Briefs

Population Problem: Beijing continues to push for reduction of the birth rate and continues to meet with limited success. Reports from several provinces tell of birth rates that remain well above targets. In some areas birth rates have even begun to go up slightly because of the agricultural responsibility system, which gives an economic incentive for having larger families to till more land or have more workers within a family engaged in sideline occupations.

Superstition Lives: The Public Security Bureaus in several provinces in east China have issued notices forbidding a variety of traditional Chinese superstitious practices. Among the proscribed activities are witchcraft, exorcism (frequently used in healing rituals), fortunetelling, and geomancy. Cultural authorities in Shanghai have also protested the reappearance of superstitious elements in plays--many traditional plays have ghosts and demons in them. The party views the revival of superstition and traditional religion as a challenge to its authority and a harmful reminder of the feudal past.

## Appendix: The New Provincial Leadership

Note: In the following table, names in parentheses indicate the previous holder of a position. The figure 1 after a name signifies a ranking secretary designated as "First Secretary"; this is the older formulation that was retained for those men who continued in the position after the reorganization. New appointees are simply called Secretary. This chart was prepared with the assistance of [ ] FBIS. [ ]

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PROVINCE	PARTY HEAD	PARTY SECRETARIES			GOVERNOR/CHAIRMAN	PEOPLE'S CONGRESS CHAIRMAN
Anhui	Huang Huang (Zhou Zijian-1)	Yang Haibo Wang Yuzhao	Yuan Zhen Wang Guangyu	Shi Junjie	Wang Yuzhao (Zhou Zijian)	Yang Weiping (Gu Zhuoxin)
Beijing	Duan Junyi-1	Jiao Ruoyu Chen Xitong	Zhao Pengfei		Chen Xitong (Jiao Ruoyu)	Zhao Pengfei (Jia Tingsan)
Fujian	Xiang Nan-1	Hu Ping Ma Xingyuan	Hu Hong Cheng Xu		Hu Ping (Ma Xingyuan)	Hu Hong (Liao Zhigao)
Gansu	Li Ziqi-1 (Feng Jixin)	Chen Guangyi Liu Bing	Jia Zhjie		Chen Guangyi (Li Dengying)	Li Dengying (Wang Shitai)
Guangdong	Ren Zhongyi-1	Liu Ru Liang Lingguang	Xie Fei Wu Nansheng	Wang Ning	Liang Lingguang (Liu Tianfu)	Luo Tian (Li Jianzhen)
Guangxi	Qiao Xiaoguang-1	Wu Chunshu Zhou Guangchun	Huang Yun Jin Baosheng	Chen Huiguang	Wei Chunshu (Qin Yingji)	Huang Rong
Guizhou	Chi Biqing-1	Zhu Houze Su Gang	Wang Chaowen		Wang Chaowen (Su Gang)	Wu Shi (Xu Jiansheng)
Hebei	Gao Yang-1	Zhang Shuguang Xing Chongzhi	Gao Zhanxiang Xie Feng		Zhang Shuguang (Liu Bingyan)	Liu Bingyan (Jiang Yizhen)
Heilongjiang	Li Lian (Yang Yichen)	Chen Lei Chen Junsheng	Hou Jie		Chen Lei	Zhao Dezun
Henan	Liu Jie-1	Liu Zhengwei Yu Mingtao	He Zhuxiang Luo Gan		He Zhukang (Dai Suli)	
Hubei	Guan Guangfu (Chen Pixian)	Wang Quanguo Huang Zhizhen	Shen Yinluo Wang Qun	Qian Yunlu	Huang Zhizhen (Han Ningfu)	Han Ningfu (Chen Pixian)
Hunan	Mao Zhiyong-1	Xiong Qingquan Jiao Linyi	Liu Zheng		Liu Zheng (Sun Guozhi)	Sun Guozhi (Wan Da)
Jiangsu	Han Peixin (Xu Jiataun-1)	Shen Daren Gu Xiulian	Sun Han Zhou Ze		Gu Xiulian (Han Peixin)	Chu Jiang (Xu Jiataun)
Jiangxi	Bai Dongcai-1 31 Aug 82 (Jiang Weiqing)	Xu Qin Zhao Zengyi	Wang Shufeng		Zhao Zengyi (Bai to Sept, then Zhao)	Ma Jikong (Yang Shangkai)
Jilin	Qiang Xiaochu-1	Zhang Gensheng Gao Di	Zhao Xiu Zhao Nanqi	Liu Jingzhi	Zhao Xiu (Zhang Gensheng)	Yu Ke (Li Youwen)
Liaoning	Guo Feng-1	Dai Suli Li Tieying	Quan Shuren Sun Weiben	Xu Shaofu	Quan Shuren (Chen Puru)	Zhang Zhengde (Huang Oudong)

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